

Tuesday, February 1, 2011

Good Afternoon.

We all know the tough spot our economy is in right now – unemployment is on the rise, the housing crisis is forcing people from their homes, and our largest employers are in danger of going under.

Like you, I'm disgusted by the so-called Washington bailouts for businesses and executives whose practices led to their own demise.

I voted to support Stabilization and Recovery packages to help avoid a collapse of our economy, caused in part, by some of the reckless policies of the previous administration. It was an important first step in bringing stability to the markets and it was a compromise I was willing to make to help protect working and middle-class families from the crisis on Wall Street. I will continue to support efforts to get our credit markets working again, but we must not forget about helping folks on Main Street along the way and support efforts to make sure that taxpayers get every dime back.

Business as usual just won't work in this economy.

North Carolina is now on a top-ten list that we don't want to be on.

The Bureau of Labor and Statistics ranks us number 8 in unemployment at 11.2 percent, its highest point in more than 30 years. Economists don't expect North Carolina hiring to pick up until Spring.

Here in Rockingham County, the jobless rate is even higher – 12.1 percent. The downturn in the

economy combined with the downturn in the housing market has crushed industries such as Karastan Rugs in Eden. A lower demand for home furnishings forced another 140 workers to lose their jobs at the plant just before Christmas.

My staff is working with Trade Adjustment Assistance (TAA), a federal program which provides extended income support as well as training, job search, and relocation benefits to qualifying workers who become unemployed for trade-related reasons.

Our country has faced major economic difficulties before and I believe if we don't waste time in ideological and partisan fights and focus on solutions, we'll recover from this crisis as previous generations have done. This country survived the Great Depression, and we didn't do it by thinking small. If we show the same kind of imagination and courage that F.D.R. and other's showed more than 60 years ago, we can get our country moving again.

THE FINANCIAL MELTDOWN

The current financial crisis has revealed serious weaknesses in our system for oversight of financial institutions.

In order to keep a crisis like this from happening again, and in order to give consumers and investors more certainty, the House Financial Services Committee, on which I serve, has spent more than 6 months working on The Wall Street Reform and Consumer Protection Act, which has passed the House.

For years the privileged elite in government and big business ignored growing risks in the financial markets. Wall Street investment houses and big banks exploited legal loopholes to take advantage of American families and small businesses. They argued that any regulation of Wall Street would stifle innovation and limit credit. Their failure to regulate financial markets and police wrongdoing allowed Wall Street and the big banks to gamble with our money, creating a "casino economy." When their bets won, they made vulgar profits. And when their

bets lost, investors and taxpayers took the hit. That is the kind of "innovation" I have fought since I was first elected to Congress. Their practices threatened our future, our savings, and the American Dream of homeownership. The result for them was instant profits, but for most of us the result was the worst financial crisis since the Great Depression:

\$14 trillion loss in net worth since 2007 for American households 22% decline in retirement assets for Americans So far this year, 2 million homes in foreclosure because of subprime and predatory loans \$33 billion in executive bonuses at the nation's nine largest banks last year – and there will be even more next year.

THE FIX: WHAT FINANCIAL REGULATORY REFORM MEANS FOR YOU

The House passed The Wall Street Reform and Consumer Protection Act on December 11, 2009. The bill will start to restore responsibility and accountability to the financial industry through tough rules and strong regulation of risky practices:

Ensures that the credit cards you use and the mortgage you sign are fair, transparent and understandable by creating a new watchdog for consumers, the Consumer Financial Protection Agency (CFPA). The CFPA will be a cop on the Wall Street beat to protect consumers. Consumers should not have to worry that legalese in the fine print contains hidden fees and traps to cheat them out of their financial security. Keeps Wall Street from gambling with your retirement savings by protecting 401(k)s and pensions. Ensures taxpayers will never again have to bail out Wall Street banks by putting an end to "too big to fail" firms and preventing risky behavior from threatening to bring down the entire economy.

Reins in predatory and abusive lending practices so that lenders can't put you or your neighbor into an unaffordable or confusing loan.

Rep. Bill Delahunt (D-MA) and I were the first Members of the House to propose the CFPA, the new, independent financial watchdog agency devoted solely to protecting the public from unfair

and abusive consumer financial practices. We joined Senators Richard Durbin (IL) and Chuck Schumer (NY) in sponsoring the landmark legislation. After introducing the bill, I worked closely with the Obama Administration to include the watchdog agency in the President's financial reform proposal. This fall, I worked to steer the bill through the Financial Services Committee and the House.

Reps Mel Watt (D-NC) and I wrote and championed the Mortgage Reform and Anti-Predatory Lending legislation bill that passed the House earlier this year and is incorporated in the Wall Street Reform bill. We first introduced the bill almost six years ago, and have fought for it ever since. The legislation outlaws many of the outrageous practices that marked the subprime lending boom, and it would require that mortgage lenders only offer loans that benefit the consumer. It would establish a simple standard for all home loans: lenders must ensure that borrowers have the ability to pay their mortgage.

Today, about 14 million homeowners are "underwater" in their mortgages, meaning they owe more on their loan than their home is worth.

Lenders can foreclose on unpaid mortgages even if the borrower has sold the home, so underwater borrowers are stuck: they cannot refinance or sell their home, even to take a new job in another town.

Vacant foreclosed homes are stigmatizing neighborhoods and pushing down home values, and priced-to-sell foreclosed homes are flooding real estate markets around the country. The retreat in home prices has become a rout, and foreclosures have become an epidemic. Families that lose their homes to foreclosure lose their membership in the middle class, probably forever, and almost all middle-class homeowners are seeing their life's savings evaporate with the collapse of their home's value. Many of these families were victims of irresponsible and unscrupulous lending practices.

I sponsored a comprehensive mortgage lending reform bill in the House in 2004 that would have banned many of the very practices that got us into this mess. Though a newer version of my bill was passed by the House in 2007, by this late date much of the damage had been done. My number one priority in Congress has been passing national legislation to crack down on abusive lending practices in the mortgage industry.

CEO COMPENSATION

Like many of you, when I heard about the \$165 million dollars in bonuses paid to executives of the troubled AIG company, after the insurance giant received more than \$180 billion in federal money – I was angry, but not all that surprised.

While those vulgar executive bonuses raise moral and ethical problems, the bigger problem is the culture that would allow these excessive payments in the first place.

Many of the employees of the company's Financial Products Unit were responsible for bringing the company to the brink of collapse – forcing a government bailout to prevent a broader collapse in the economy.

Our leaders in industry and government need to understand the concerns of ordinary Americans and see things through the eyes of the American people. We need to get back to a place where people know enough is enough.

As our economy changes, we should be the generation that gives our nation's workers a chance to share in the prosperity. We need to protect the hard-earned benefits their companies have promised. We need to make it possible for hardworking families to save for retirement.

Accessible HealthCare

Let's talk about the elephant in the room – Health Care Reform. Congress is now in the process of devising a health reform package that will truly solve the problems in health care and gain enough votes for passage. That is no small feat.

Health insurance premiums have more than doubled since 2000, straining family budgets, and the increasing cost of health insurance is putting coverage out of reach for many small to midsize companies and their workers. We spend far, far more than other countries and Americans are less healthy and don't live as long.

President Truman urged Congress to provide healthcare coverage to all Americans more than sixty years ago, only to see special interests defeat his effort. History has repeated itself periodically since then, most recently in 1994.

There's a lot of debate about HOW to reform health care in our country, but fixing our economy and giving people better access to healthcare should be something we can agree on. When Americans don't know what their insurance will pay for until they get sick or hurt...

Something's got to give.

Community Colleges and Closing

Finally - a word about North Carolina's community college system.

We are fortunate that in the middle of a difficult economic transition our state is recognized as a pioneer and one of the leading states in the nation in providing workforce training. North Carolina's system started with training and workforce development and has grown into the one of the most comprehensive community college systems in the nation.

I frequently visit community colleges in my district and see the tremendous benefits that these institutions provide to our communities.

Every person willing to work should be able to get job training that leads to a job that allows them to earn a living wage that can pay the bills.

I want to help make sure that happens by continuing to co-chair the Community College Caucus. The only way we can have the highest standard of living in the world is if we have the most skilled workforce in the world. We can't have folks continue to leave high school to go work in the mill without finishing their high school degree, and that's what generations of North Carolinians have done. We must find a way to re-train our workforce after so many factory closings in North Carolina. Tens of thousands of North Carolina workers have been hurt by manufacturing layoffs in textiles, apparel, furniture and tobacco since 2000.

My role in Congress will be to keep up this fight for working families –that means working for the kind of America that puts the family budget first, helps to make affordable everything from energy to food to a college education, helps Americans avoid losing their homes or losing value in the homes, and lowers taxes for most working families.

It is time to rebuild our economy in a way that's consistent with our values – an economy that rewards hard work and responsibility, not high-flying finance schemes; an economy that's built on a stable foundation, not propelled by overheated housing markets and maxed-out credit cards. In sum: we want to build an economy that offers shared and sustainable prosperity for all Americans.

Thank you all for inviting me here today.